



CITY HALL
LOS ANGELES, CALIFORNIA 90012

JAMES K. HAHN
MAYOR

December 17, 2003

The Honorable Arnold Schwarzenegger
Governor of California
State Capitol
Sacramento, California 95814

Dear Governor Schwarzenegger:

I am writing to keep you updated regarding the impact of the loss of vehicle license fee funds to the City of Los Angeles, and to inform you of the City's actions to address the resulting revenue shortfall.

Last week, the City Administrative Officer confirmed that the discontinuation of the vehicle license fee backfill will result in a loss of \$105 million if the monies are not received by June 30, 2004. The City Council acted upon my recommendation to initiate the following actions to address this revenue loss:

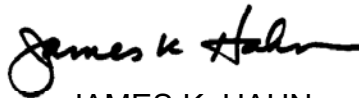
- Expand the City's existing hiring freeze to eliminate exemptions for any employees except fire sworn positions subject to constant staffing requirements and police sworn positions to offset current attrition and civil service/MOU legal requirements.
- Eliminate funding to support: 320 police officers, capital improvement program projects and recreation and parks play equipment.
- Freeze equipment purchase and expense accounts.
- Reduce departmental budgets through: eliminating new programs such as expansion of the Fire Department task force and bulky item drop off centers, reducing library hours of service, reducing operating hours at recreation centers, reducing sidewalk repair program and eliminating the 2003-04 Affordable Housing Trust Fund appropriation.

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Cuts of this magnitude, on top of the difficult cuts we have already made this year and in the past two years, will result in diminished services and the elimination of programs many people have come to rely upon.

Again, I strongly urge you to continue to work with the Legislature to develop a compromise that replaces funding lost as a result of the vehicle license fee reduction. Additionally, I look forward to a full restoration of funding for the backfill in the upcoming fiscal year, and I anticipate that your budget will reflect your intent to keep local governments whole. Thank you for your perseverance on reinstating this critical source of funding for public safety services statewide.

Very truly yours,

A handwritten signature in black ink, reading "James K. Hahn". The signature is fluid and cursive, with a large initial "J" and a stylized "H".

JAMES K. HAHN
Mayor

JKH:mo